FINANCIAL NEWS

Vic Station suffers $8.03M net loss for fiscal 1983

LARKSPUR, Calif.—Victoria Station has suffered a net loss of $8.03 million for the fiscal year ended April 3, compared to net earnings of $1.21 million in fiscal 1982. Revenue declined in 1983 to $112.3 million, from $123.9 million the year before.

Net loss in the fourth quarter was $4.95 million, including a net loss from operations of $323,000, and a one-time after-tax charge of $4.63 million—the estimated cost of disposing of certain restaurants. Revenue in the 13-week fourth quarter was $26.3 million vs. $26.8 million during a 12-week closing quarter a year ago. Fiscal 1983 had 53 weeks; there were 52 weeks in fiscal 1982.

Customer Counts Decline

Victoria Station treasurer Paul J. Meyer said the 97-unit company was continuing to test various menu modifications in hopes of reversing a drastic decline in customer counts. "We're very hopeful the economy will improve, and that we will experience some of that improvement," Meyer said. He indicated the railroad-themed chain would concentrate on test markets in the Southeast, where broader menu offerings have so far been introduced in about eight restaurants. The new menus would eventually be deployed in other major markets, he said.

Victoria Station is proceeding cautiously in rolling out new menus, "not from financial constraints," Meyer said, but because of efforts to "maintain quality" as it shifts to new concepts.

The menu changes are "not necessarily a de-emphasis of beef, or an emphasis on seafood," Meyer said, but involve a realignment of items to offer a broader appeal with "something for everyone." The company has begun a radio advertising campaign in certain eastern markets, using the theme, "Try the new Victoria Station."

Pizza Inn's net profit jumps 114%

DALLAS—Pizza Inn has reported a 114% increase in net profit to $948,000 for the first quarter ended March 27, compared to the same period last year. Revenue for the period was up 2.3% over last year to $35 million.

Pretax earnings in the first quarter were up 134% to $1.5 million.

Pizza Inn's average restaurant sales increased 11% during the first quarter, president and ceo F. J. Spillman reported. The 745-unit chain continued to realize improved operating efficiencies, particularly in the cost of goods sold as a per cent of revenues, Spillman said.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended June 17							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
					Change		52-Week																				
Name	Symbol	High	Low	Close	Amt.	Pct.	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct.			Latest P/E Ratio	Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Acapulco Y Los	ALAR	7.00	5.88	5.88	-.63	-9.62	7.88	3.75	-.18	-2.69	-1.03	6.83	.05	-.09 Q	-42.8	-29.0	.3	49.0	.00	.0	01-06-81	37.1	.1	1.4	6.13	2.99	1082
Am Motor Inns	INN	37.50	33.25	36.88	1.00	2.79	37.50	15.88	-.11	1.58	.92	-14.10	2.10	.40 N	20.3	27.0	7.0	15.6	.25	.7	01-26-83	161.4	11.3	1.6	15.08	13.00	0782
ARA Services	ARA	54.25	51.00	54.25	.25	.46	54.63	25.63	.04	-.24	-4.49	-32.90	3.43	-.30 S	-7.8	-7.0	1.4	15.4	2.05	3.8	05-26-83	2805.6	38.9	1.1	22.39	44.25	0982
Assoc Hosts	AHST	26.50	23.25	25.00	1.00	4.17	26.50	5.00	.20	-1.46	-1.05	-23.21	.58	-.12 S	-16.6	-15.0	2.2	41.7	.18	.7	05-31-83	78.6	1.7	1.6	6.60	7.58	0982
Beefsteak Char	BCS	9.25	8.13	8.38	-.13	-1.47	9.75	4.50	.18	-2.90	.35	-9.52	.88	.17 Q	26.1	38.0	3.7	10.2	.00	.0	00-00-00	97.1	3.6	1.3	5.92	4.23	1082
Bob Evans Farms	BOBE	33.00	28.25	32.63	3.63	12.50	33.00	14.66	.67	.24	5.03	-24.87	1.11	.02 F	1.8	21.0	7.5	29.4	.30	.9	05-09-83	187.5	14.1	1.7	.00	5.17	0482
Bonanza Intl Inc	BNZA	5.25	4.63	5.25	.50	10.53	5.25	1.50	.19	1.38	-1.81	30.56	.11	.17 Q	NC	-81.0	3.1	30.9	.00	.0	00-00-00	16.1	.5	1.6	9.70	1.67	1282
Brock Hotel Cp	BHC	10.75	9.25	9.88	-.75	-7.06	14.50	7.50	-.27	-1.24	-1.62	1.56	.39	-.31 Q	-52.5	-4.0	2.0	35.3	.10	1.0	06-13-83	259.8	5.1	1.2	11.01	3.90	1281
Calny Food	CLNY	16.50	15.00	15.00	-1.50	-9.09	17.25	5.34	.42	-3.20	3.11	18.98	.80	.06 F	8.1	7.0	4.6	18.8	.20	1.3	04-28-83	30.2	1.4	.6	1.01	1.51	0282
Captain Crabs	CRAB	6.63	4.25	6.00	2.00	50.00	6.63	1.00	1.63	-1.61	8.37	-9.74	.00	.00 S	NC	NC	.0	NE	.00	.0	00-00-00	.9	.0	7.0	.04	.22	0882
Carrols Develop	CRL	15.25	12.63	13.75	1.25	10.00	15.25	3.34	.41	-2.36	.49	-12.97	.44	.40 N	93.0	22.0	1.9	16.6	.07	.5	02-02-83	68.6	1.3	.6	6.55	4.00	0582
Chart House	CHHO	35.00	33.75	33.88	-1.38	-3.90	35.25	17.25	.40	-1.42	-4.19	-49.84	2.08	.05 Q	2.4	13.0	4.9	16.2	.60	1.8	03-17-83	382.0	18.7	.9	14.53	10.14	1281
Chi-Chis	CHIC	34.88	33.38	34.13	.13	.37	35.75	8.75	.63	-.52	-6.79	2.36	.55	.34 N	82.9	26.0	11.7	45.5	.00	.0	12-20-82	38.6	4.5	3.0	2.18	2.26	0482
Ch Full O Nut	CHF	21.75	18.25	21.38	.38	1.79	21.75	12.00	.49	2.18	6.93	44.11	.34	.10 N	25.0	-8.0	1.4	42.8	.40	1.9	12-09-82	115.8	1.6	3.1	.43	5.97	0782
Churchs Fr Ch	CHU	29.88	25.00	29.88	2.63	9.63	29.88	16.69	-.23	1.58	-5.58	.18	2.19	-.11 Q	-4.7	9.0	10.1	13.5	.72	2.4	05-20-83	413.1	41.6	1.8	.62	11.74	1282
Cindys Inc	CNDYC	3.75	3.63	3.63	-.25	-6.45	4.00	2.63	.36	-1.73	-5.11	37.27	.13	.19 F	NE	NE	2.1	27.9	.00	.0	00-00-00	14.3	.3	.0	4.63	.43	1282
Collins Foods	CF	29.63	27.38	29.13	.88	3.10	29.75	11.25	.28	-.87	8.13	82.71	1.69	.53 N	33.3	16.0	3.2	13.7	.24	.8	03-25-83	298.0	9.6	1.3	7.44	10.69	0482
Consul Corp	CNSL	18.63	17.25	18.13	-.38	-2.03	18.75	5.88	.45	-.07	-1.83	10.49	.00	.16 N	400.0	NE	.0	90.6	.00	.0	00-00-00	17.6	.0	.7	2.21	2.88	0582
Cracker Barrel	CBRL	41.00	33.00	33.00	-5.75	-14.84	41.00	9.25	1.14	-4.81	3.32	35.86	1.03	.32 N	32.6	20.0	3.7	25.4	.00	.0	00-00-00	35.4	1.3	1.9	5.35	6.69	0782
Dennys Inc	DEN	34.63	30.75	32.13	-1.88	-5.51	36.88	22.38	-.35	-1.90	4.94	13.99	2.47	.26 N	11.1	9.0	3.9	12.4	.64	2.0	06-06-83	955.7	36.8	1.4	15.81	15.02	0682
Dunkin Donuts	DUNK	28.75	25.38	28.13	3.00	11.94	28.75	9.91	.79	.28	-1.54	-7.25	1.40	.21 S	16.0	18.0	9.4	18.5	.24	.9	05-02-83	71.3	6.7	1.2	12.87	15.97	1082
Frischs	FRS	18.00	17.25	18.00	-.25	-1.37	18.50	7.94	-.11	-.43	1.28	1.80	1.80	-.27 N	-15.0	12.0	3.8	11.8	.40	2.2	06-28-83	101.0	3.8	1.5	6.23	13.58	0582
Godfathers Pizza	GFPZ	22.75	20.13	22.75	.00	.00	25.50	9.63	-.47	.56	-2.19	-45.75	.65	.01 Q	1.5	104.0	15.8	35.5	.00	.0	00-00-00	37.9	6.0	2.1	.55	1.99	1282
Hambrg Hamlet	HAMB	11.75	10.00	11.75	1.25	11.90	11.75	5.50	.01	-.73	-.27	-92.42	-1.10	-2.45 F	-181.4	-22.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	.7	20.45	13.07	0382
Hardwicke	HAWK	1.63	1.63	1.63	.00	.00	2.00	.88	.13	-.58	-.27	50.00	-12.59	-9.67 Q	NE	-94.0	-89.4	NE	.00	.0	00-00-00	27.4	-24.5	.3	12.03	-4.31	0982
Hilton Hotels	HLT	59.00	54.88	55.50	-2.00	-3.48	60.25	27.63	-.09	-.56	-2.84	-11.75	3.04	-1.10 Q	-27.9	.0	14.4	19.5	1.80	3.2	05-27-83	562.9	81.3	2.0	6.73	21.31	1282
Holiday Inns	HIA	59.00	49.38	59.00	9.75	19.80	59.00	24.50	.48	1.11	.45	-29.53	2.50	-.18 Q	-6.4	8.0	6.8	22.7	.84	1.4	06-13-83	1425.3	97.2	.9	11.74	25.35	1282
Holiday Inns A	HIA A	83.00	74.00	83.00	11.50	16.08	83.00	38.50	.66	.33	7.02	-16.67	NA	NA	NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
Horn & Hardart	HOR	44.00	37.50	42.88	2.13	5.21	44.00	13.06	.82	1.07	.30	-3.73	1.14	.37 Q	40.2	39.0	2.8	33.2	.00	.0	09-27-82	235.4	6.6	1.7	11.45	6.30	1281
Hungry Tiger	HTIG	10.25	9.25	10.25	.25	2.50	12.25	5.00	-.12	1.65	1.63	6.76	.78	-.07 S	-9.4	7.0	3.8	15.3	.00	.0	11-15-82	55.9	2.1	.6	4.91	5.57	0882
Imperial Grp	IMT	2.00	1.81	1.88	-.06	-3.23	2.06	1.50	.07	-2.05	3.04	21.86	.24	.00 Q	.0	-7.0	2.0	7.8	.12	6.4	04-12-83	8462.9	171.0	1.1	.65	2.08	1081
Intl Dairy Queen	INDQ	40.00	35.00	39.00	2.50	6.85	40.00	11.50	1.00	-.82	2.02	-45.64	2.17	.60 Q	35.5	30.0	6.3	17.0	.00	.0	00-00-00	98.6	6.2	1.1	11.23	6.32	1182
Int King Tab	IKNG	30.00	25.00	29.63	4.75	19.10	30.00	3.00	.83	-.38	2.63	-9.86	.33	.98 N	515.7	20.0	1.4	25.3	.00	.0	10-09-79	36.6	.5	.3	4.09	3.77	0682
JBs Rest	JBBB	18.00	16.63	17.75	.75	4.41	18.00	5.75	.16	.65	-3.82	20.64	.93	.27 S	37.5	13.0	3.5	17.9	.16	.9	05-09-83	45.1	1.6	.9	6.38	5.84	0982
Jerrico Inc	JERR	22.63	21.38	22.38	.25	1.13	23.50	12.69	.18	-.28	-1.16	-33.47	1.40	-.11 N	-7.5	21.0	5.1	16.7	.12	5	05-09-83	425.5	21.8	.9	2.91	8.99	0682
Kapok Tr Inns	KTI	7.63	6.75	7.63	.75	10.91	7.63	3.00	.12	1.42	-1.19	8.49	-.37	-.17 S	NE	-46.0	-6.1	NE	.00	.0	00-00-00	11.4	-.7	2.5	1.36	5.45	0982
Kelly-Johnston	KEJO	17.63	15.88	15.88	-1.75	-9.93	24.50	10.34	-.06	-2.95	-3.58	3.27	.59	.26 N	72.2	98.0	8.4	25.6	.00	.0	10-13-82	17.9	1.5	.9	.89	4.40	0382
Karcher Carl	CARL	34.13	29.00	33.50	4.50	15.52	34.13	9.59	.49	-.91	-2.24	-26.45	1.21	1.43 N	NC	17.0	3.4	23.4	.00	.0	02-16-83	200.6	6.9	1.9	5.15	6.67	0182
Lubys Cafe	LUB	33.00	29.50	32.50	2.38	7.88	33.00	20.50	.07	1.63	-.70	2.29	1.35	.18 S	14.4	20.0	9.1	22.7	.48	1.5	06-06-83	127.3	11.6	1.9	.64	6.79	0882
Marcus Corp	MRCS	15.00	14.00	14.50	-.25	-1.69	15.13	6.00	.95	-1.55	-.08	58.24	1.13	.06 N	5.1	4.0	5.7	11.9	.00	.0	08-24-81	103.8	5.9	.8	2.98	9.76	0582
Marriott Corp	MHS	78.75	71.00	78.00	6.75	9.47	78.75	32.00	.14	.44	-.29	8.18	3.44	.36 Q	11.8	24.0	3.7	21.7	.36	.5	06-20-83	2541.4	94.3	.9	33.49	19.43	1282
McDonalds Cp	MCD	65.50	60.75	62.63	.63	1.01	74.50	45.69	-.25	-1.38	.44	-8.18	5.00	.65 Q	14.5	17.0	10.9	12.2	1.00	1.6	05-24-83	2769.5	300.6	.5	15.35	22.73	1281
Morrison Inc	MORR	20.50	17.25	20.25	2.63	14.89	20.50	10.25	.28	-.20	-.16	-22.59	1.16	.31 N	29.5	9.0	4.1	14.9	.40	2.0	04-11-83	364.3	15.1	1.4	2.95	7.90	0582
Mr Steak	MSST	10.50	9.50	10.38	-.13	-1.19	10.50	1.75	.78	1.58	-1.16	32.43	-.98	-.42 S	NE	-38.0	-2.7	NE	.00	.0	05-29-80	59.8	-1.6	1.1	4.26	3.76	0982
Nathans	NATH	2.75	2.50	2.63	.00	.00	2.75	.72	1.57	-.60	5.71	7.99	.03	.80 N	NE	NE	.6	26.3	.00	.0	09-09-82	16.7	.1	.5	.10	1.73	0382
Naugles	NAUG	31.75	30.50	31.25	.50	1.63	31.75	8.63	.18	-.37	-6.68	-12.17	.78	.88 N	NC	48.0	3.9	35.5	.00	.0	11-01-82	55.8	2.2	.4	8.04	2.73	0682
Oakbrook Cons	OKCO	15.25	15.00	15.00	.00	.00	18.50	9.00	-.12	-.68	-8.21	.00	.69	-1.12 S	-82.9	-29.0	.4	65.2	.32	2.1	03-14-83	143.6	.6	.6	3.82	13.85	0982
Orange-co	OJ	6.88	6.25	6.50	.13	1.96	7.88	4.38	-.47	.83	-6.22	7.24	-.25	-1.94 S	-192.0	-28.0	-.8	NE	.00	.0	02-22-82	74.0	-.6	1.3	13.28	4.63	0882
Peoples Rest	PEPL	11.50	10.00	11.00	.25	2.33	12.00	5.50	.07	-1.62	-2.09	-19.06	.19	.20 N	NC	81.0	13.8	55.0	.00	.0	00-00-00	5.8	.8	.5	.75	2.39	0682
Piccadilly Caf	PICC	16.75	16.25	16.38	-.38	-2.24	18.13	13.50	-.21	-.62	1.13	34.53	1.39	-.36 N	-25.0	9.0	5.9	15.2	.60	3.7	06-09-83	142.6	8.4	1.9	.00	7.29	0682
Pizza Inn	PZA	13.38	12.38	12.50	-.88	-6.54	14.00	4.50	.14	-1.71	-.92	16.43	.61	.24 Q	43.6	5.0	1.3	15.8	.02	.2	04-11-83	135.1	1.7	.9	13.55	7.29	1282
Pizza Time Thea	CHKY	25.25	18.50	18.50	-6.50	-26.00	29.75	14.25	-.11	-8.66	-2.98	23.15	1.27	.33 Q	40.2	29.0	7.6	16.1	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Ponderosa Sys	PON	25.13	23.25	24.63	1.50	6.49	25.25	9.59	.26	-.44	-1.33	13.95	1.50	.18 F	13.6	-6.0	2.8	16.4	.33	1.3	06-08-83	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	11.63	9.63	10.88	1.13	11.54	11.63	4.25	.59	-1.33	.58	-7.28	-.73	-.69 Q	NE	-44.0	-3.6	NE	.00	.0	10-19-81	548.3	-19.8	.6	18.98	6.03	1281
Restaur Assc	RA	10.88	9.50	9.88	-.50	-4.82	11.38	3.25	-.20	-.74	-5.23	-20.86	.77	-.06 Q	-8.2	22.0	1.8	14.7	.00	.0	00-00-00	104.8	1.9	1.0	3.98	7.15	1282
Ryans Fam Steak	RYAN	23.75	18.00	22.75	4.50	24.66	23.75	3.09	.28	2.47	1.17	10.13	.33	.36 Q	NC	68.0	10.6	63.2	.00	.0	04-20-83	9.4	1.0	3.1	.34	1.61	1282
Saga Corp	SGA	36.50	32.25	32.63	-1.13	-3.33	36.50	12.31	.32	-2.05	.99	.00	1.68	.49 N	30.4	41.0	1.9	15.5	.36	1.1	06-02-83	901.0	16.8	.9	4.26	8.86	0682
Sandwich Chef	SHEF	15.25	14.50	15.25	.75	5.17	15.50	11.50	-.07	.65	6.07	21.72	.77	.75 N	NC	24.0	4.7	20.3	.00	.0	00-00-00	17.0	.8	.6	.50	3.42	0682
Sea Galley	SEAG	13.63	11.38	12.50	.25	2.04	13.63	5.50	1.63	-2.17	4.46	-1.13	.02	-.91 Q	-135.8	-33.0	-.6	NE	.00	.0	06-02-81	70.1	-.4	1.3	5.10	4.90	1282
Servico Inc	SRVI	19.50	17.25	19.50	2.25	13.04	19.50	7.03	.46	.88	1.01	-52.76	.74	-.79 F	-51.6	42.0	1.5	26.4	.00	.0	07-09-82	139.1	2.1	1.1	50.99	5.46	1281
Shoneys Inc	SHON	26.00	24.88	25.63	.63	2.50	27.38	12.66	-.27	-1.04	3.46	6.63	.86	.18 Q	24.3	19.0	5.1	27.9	.15	.6	03-11-83	324.9	16.6	1.0	2.65	5.02	1082
Skippers	SKIP	15.00	13.75	14.75	1.25	9.26	15.00	3.16	.92	-.50	-3.14	-10.47	.48	.27 Q	67.5	14.0	2.6	22.0	.08	.5	03-31-83	38.1	1.0	.5	3.38	6.69	1282
Sonesta Hotel	SNSTZ	16.00	16.00	16.00	.00	.00	16.50	10.00	-.06	-.68	3.48	-50.00	.28	.64 Q	NE	-12.0	.9	26.7	.20	1.3	06-13-83	80.1	.7	1.1	26.22	9.51	1282
So Hospitality	SHOS	7.50	5.00	7.50	2.50	50.00	7.50	1.38	.16	9.55	3.74	13.99	.14	.21 N	NC	25.0	2.5	35.7	.00	.0	00-00-00	20.3	.5	1.0	2.29	-.20	0582
Steak n Shake	STAK	8.50	8.25	8.25	.38	4.76	8.50	2.63	1.11	-1.26	2.03	-28.34	.18	.17 S	283.3	37.0	1.4	35.9	.00	.0	05-17-79	57.2	.8	1.1	4.94	2.76	0982
Victoria Stations	VSTA	13.63	10.75	13.63	2.25	19.78	13.63	5.00	1.35	2.29	4.31	4.06	-2.42	-2.77 F	-791.4	-47.0	-7.1	NE	.00	.0	09-19-79	112.3	-8.0	1.0	7.67	10.49	0382
Wendys Intl	WEN	19.25	17.38	17.50	-1.25	-6.67	19.63	9.59	-.15	-1.96	-1.72	16.99	1.13	.16 Q	15.8	13.0	7.3	15.0	.24	1.4	04-29-83	607.6	44.1	.6	2.56	5.27	1281
Webb Del E	WBB	24.50	19.00	23.50	3.50	17.50	24.50	5.88	1.16	2.83	.60	1.35	.16	-.80 Q	-129.0	-25.0	.5	NE	.00	.0	11-07-80	311.2	1.5	.9	11.32	13.71	1282
Western Steer	WSMP	16.75	15.50	15.50	-1.00	-6.06	17.50	8.00	.01	-2.24	12.88	92.32	.92	.92 F	NC	6.0	3.1	16.8	.12	.8	03-11-83	28.8	.9	1.3	6.97	6.29	0282
Winners Cp	WNER	16.13	15.63	16.13	.13	.78	16.13	6.94	.52	-.51	-5.15	-24.47	.63	.07 Q	12.0	8.0	2.6	24.8	.00	.0	03-10-83	83.1	2.2	.5	7.06	6.43	1282

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

Hamburger Hamlet net down $790,000

BEVERLY HILLS, Calif.—Hamburger Hamlet has reported a net loss of $790,277 for the fiscal year ended March 27. Sales for the year were up 7.5% to $33.98 million. Last year the upscale "gourmet" burger chain posted net earnings of $971,886 on sales of $31.6 million.

Fourth quarter results were not immediately available.

The 22-unit company sustained the loss due to a $1.7 million write-down it took on the closure of two restaurants during the year. Company controller Paul Brockman said the company had turned a $765,859 profit on operations, and took a $163,290 income tax benefit to partly offset the unit closure costs.

One of the shuttered restaurants was the three-year-old Hamlet in Scottsdale, Ariz., the company's largest unit at 13,000 sq. ft. The other was its Portner's dinnerhouse in Atlanta, which replaced an unsuccessful Hamlet unit there last year. "It was Atlanta, not Portner's," Brockman said, explaining the unfruitful change to the more upscale Portner's concept. The original Portner's, which opened in Alexandria, Va., almost two years ago, reportedly grosses about $2 million a year.

"We are not retrenching," Brockman said. "We're still behind the Portner's concept; it's just a matter of finding the right locations." He said other units of both concepts are planned, including a Hamburger Hamlet in New Orleans, due to open in time for next year's World's Fair there.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Carl Karcher Ent.	3 mos.	5/20	$80.7	26.0			$3.300	36.0
Victoria Station	3 mos. 12 mos.	4/3			$ 26.3 112.3	(2.0) (0.5)	(4.950) (8.030)	— —
Hamburger Hamlet	12 mos.	3/27	34.0	7.5			(0.790)	—
Pizza Inn	3 mos.	3/27			35.0	2.3	0.948	114.0
Marcus Corp.	3 mos. 9 mos.	2/3	22.8 76.1	12.3 5.1			0.755 4.700	97.0 8.3

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Carl Karcher net rises 36% in first qtr.

ANAHEIM, Calif.—Carl Karcher Enterprises has reported a 36% increase in net earnings to $3.3 million for the 16-week first quarter ended May 20, compared to the same period last year. Sales for the period were up 26% over last year to $80.7 million.

"The earnings gain was even more dramatic," said president Donald F. Karcher, "when the year-earlier results are reduced by $339,000 from the gain on sale of seven Taco de Carlos restaurants. On this basis earnings climbed 58%."

Karcher said real growth in sales (excluding price increases) was 6.2% for the quarter on restaurants open 12 months or more, reflecting new product introductions (like its charbroiler chicken sandwich), and continued "strong" operations and marketing.

New stores in the company's 350-unit Carl's Jr., fast-food chain, those open less than 12 months, had average annualized sales of $983,000, which the company said was a substantial increase over the same calculation a year ago.

Karcher officials said profits grew more rapidly than sales primarily because of a 2.1% decline in costs as a percentage of sales. The company reported reductions in all its four cost areas: food, beverage and paper; direct labor and employee benefits; other overhead, and facility costs.

The first-quarter results bore out Karcher's earlier predictions, at a meeting of securities analysts in Los Angeles, that the company would post "a significant increase due to real growth in existing stores, and substantially higher new store averages." The company had recently reported results for fiscal 1983, which yielded net earnings of $9.8 million on sales of $231 million.

At the meeting Karcher also said expansion of the Carl's Jr. concept would continue in the company's traditional California and Nevada markets, with about 35 new units planned for those areas in fiscal 1984. The addition of 12 new units in Arizona was also planned for this year, Karcher said, as well as entry into new markets in the Southwest.

"We are already engaging in site selection and real estate acquisition in Texas in the Austin and San Antonio markets." He characterized the concurrent development in existing territories and new markets as "a rolling expansion."

Karcher said the company, which has never franchised a restaurant, would begin to do so at some point.

Marcus profit up 97% in quarter

MILWAUKEE—Aided by mild winter weather, The Marcus Corporation's net earnings rose 97% to $755,000 on a 12.3% sales increase to $22.8 million for the 12 weeks ended Feb. 3 compared with the year-earlier period.

For the first 36 weeks of fiscal 1983, earnings rose 8.3% to $4.7 million on a 5.1% increase in sales to $76.1 million compared to fiscal 1982's first three quarters.

The Marcus Corporation operates about 112 restaurants including Big Boy coffee shops, Kentucky Fried Chicken and Roy Rogers fast-food units, and Captain's Steak Joynts dinnerhouses.

The company also owns and operates 86 movie theaters.

McD raises dividend

OAK BROOK, Ill.—McDonald's board of directors unanimously voted to raise the 1983 annual stockholder dividend to $1 per share.

Due to a typographical error, *Nation's Restaurant News* incorrectly reported June 20 that the board had vetoed the measure.

Sea Galley pins rebound hopes to new strategy

By Donald Frazier

NEW YORK—Sea Galley Stores hopes a new concept, a new operations head and a hugely successful television ad will propel the 46-unit dinnerhouse chain out of a year-long downturn.

Executives of the $70 million company designed this strategy in response to a persistently soft economy in the Pacific Northwest, where its operations are focused, and operational unevenness in a time of rapid growth.

"A need for change was evident," president Steven B. Dowen told a meeting of securities analysts after reviewing the performance of the Mountlake Terrace, Wash.-based company over the last five quarters.

"But we have done what we needed to do," he asserted.

Two of the company's low-volume units have been converted to a new self-serve "gourmet" burger concept. Dubbed "Flakey Jake's" the high-margin restaurants may eventually emerge as a franchise vehicle.

Sea Galley has also hired a top Red Lobster executive, Robert Galentine, as national director of operations.

A former regional vice president for the leading seafood dinnerhouse chain, Galentine is expected to bring needed operational and systems expertise to Sea Galley.

The company counts on a well-received television ad campaign to heighten public awareness of Sea Galley Stores. The upbeat new ads feature strutting chefs who sing "We've Got Crab Legs" while dressed in toques, aprons and . . . crab legs.

In test markets the ads have posted recall rates up to three times those of the nearest competitor. They have won advertising awards and have been nominated for the prestigious Clio award while attracting "a significant number" of first-time customers to the Sea Galley restaurants.

Dowen and his management team have also created a new menu with two goals: raise the check average and give more space to red meat items.

Sea Galley's executive vice president, Dennis Wassman, explained that escalating seafood prices—130% for shellfish during one recent period, for example—made the price hikes necessary; meanwhile, the greater attention paid to red meat recognized the more than 20% of Sea Galley's sales made up by these items.

And it has begun to test a menu with many more broiled and poached seafood items than in the past—a departure from the fried preparations which characterized the systems early years and still prevail in many of its operations.

The menu, which now appears in Sea Galley's Denver unit, is meant to appeal to a younger, more affluent health-conscious clientele. It has an added benefit of reducing table turns from about an hour to about 45 minutes by cutting down on preparation time.

The company suffered a loss of $358,000 during the year ended Dec. 31, while sales mounted 43% to $70 million compared with the previous year.

This performance broke a five-year record of increased earnings for the young company. During 1981, net profit totaled $2.2 million. During 1980 net profit totaled $1.2 million; it almost doubled during the next year, 1981, to more than $2.2 million. Despite high unemployment in the agriculture-based Pacific Northwest markets, most observers expected Sea Galley Stores to post a profitable 1982 even if not improving on its previous record.

But so far this has not happened. Sea Galley lost another $497,000 during the quarter ended March 31, while sales climbed to $21 million from $16 million, for the same period last year.

Dowen and other executives blame these losses on three things: a troubled seafood packing operation, a bankruptcy by another firm and high operational expenses.

The seafood packing and distribution plant, acquired in February, was supposed to save Sea Galley money, improve the quality of seafood served in the restaurants and make money by selling its products to outside concerns—all benefits of any vertical integration.

But the subsidiary, Galley Seafoods, turned in a poor year. One major customer was bought by another food-service company and canceled its orders; many minor ones also cut back orders in the general economic downturn.

The bankruptcy of Tidewater Fish House Enterprises also caused problems for Sea Galley. Tidewater had purchased seven units of the now-defunct Family Fish House chain from Sea Galley, which had acquired it in 1981. Three of the units reverted to Sea Galley.

But the loss of income anticipated from the sale aggravated the company's already-shakey bottom line. In addition, one of the bankrupt company's creditors filed a suit alleging Sea Galley conspired with Tidewater to defraud it of $315,000—a charge the company denies.

But high operational expenses may bear a major share of the burden for Sea Galley's disappointing year.

"The last year was one in which we decided Sea Galley should get back to basics," Dowan said. This, he explained, means Sea Galley will "not sacrifice service and food quality to achieve short-term profits in poor economic times."

"We feel it is easier to regain margins than guests when the upturn comes," he said.

In pursuit of this strategy, Sea Galley has significantly upgraded its human resources department during the last year. The department formalized training programs for both line employees and managers, especially its management trainee program, and instituted a rating system for the entire workforce.

It devised a training concept which provides for a corps of elite employees to travel to each new restaurant when it opens and work alongside the regular staff during the shakedown period. The Opening Training Team concept, it was felt, could help new units establish themselves quickly while helping new workers learn their jobs from the right people on a 1-to-1 basis.

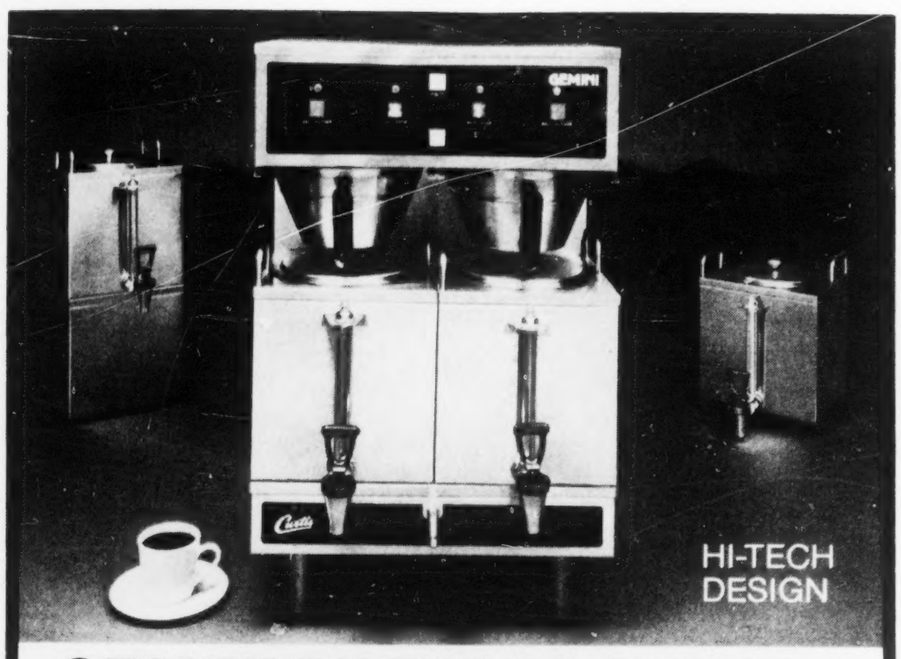
But adding Galentine to the management team was Sea Galley's biggest step toward getting back to operational basics. A 10-year veteran of Red Lobster, he improved profitability for his 42 units 150% and became a nationally recognized operations expert. The other three members of the Sea Galley management team, by contrast, all came to the restaurant business from various financial jobs in other industries.

Sea Galley expects Galentine to install the operational systems typical of a large chain, but which Sea Galley has not needed until recently. At Red Lobster, on the other hand, these systems can be extremely detailed and complex.

Managing Sea Galley's expansion will be another one of Galentine's most important jobs. Although the pace has abated recently, the company has grown very fast over the last few years, nearly doubling its size from 1981 to 1982, when it closed the year with 46 units. Company officials have indicated that this growth rate may have outstripped the company's ability to manage new units effectively.

Galentine will also coordinate Sea Galley's new strategy of clustering units in major markets. Units have previously been scattered across the Far

(Continued on page 89)



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INSIDE PROMOTIONS

MVP contest shows advertising support for promotions down

By Louis J. Haugh

It would appear that the nation's restaurants are using less advertising to deliver their promotions, based upon a summary of reported activities of entrants in the 10th annual Most Valuable Promotion contest, this year cosponsored by the National Restaurant Association and Pepsi-Cola Co.

The award winners were disclosed in May at the NRA Show. The MVP promotion award was given to Sea Galley, Mountlake, Washington, for a "We've got Crablegs" advertising theme that grew into fun promotion. Chefs, dressed up with crab leg feet, became celebrities at shopping malls, film festivals and boat shows as a result of the promotion.

One of the chef characters even received a marriage proposal in the spirit of fun generated by the campaign.

Over the past 10 years, entrants in the contest have provided a surprisingly accurate look at promotion activity in restaurants.

In a period of relatively flat sales among restaurants as a category overall, discounts have remained a very popular promotion tactic as operators perceive discounts as stealing volume from the competition. As seen in the accompanying chart, discount activity, while off from the year earlier, still was a staple part of more than one-third of all the entrants' activities.

Sweepstakes as a promotion, particularly game piece events, were noticeably less evident among the entrants. Many of those that had sweepstakes used the tactic only as a corollary event, such as a give away of T-shirts, and were not the main focus of the promotion.

The charity related tie-in promotion slipped dramatically from the year earlier when the grand prize winner was a tie-in with the Special Olympics. Other tie-ins, such as those with manufacturers or licensed characters, dropped in usage as well.

One explanation for the reduced advertising support reported for the promotion in categories such as newspaper, radio and direct mail may be a change in reporting methodology in the contest. It was apparent, however, that promotions received more selective advertising throw weights, particularly among smaller restaurants. For example, in the 100-plus store category almost half of the entrants reported radio, newspaper and TV support for their events. By contrast, only 6% of the promotions among operations with 30 or fewer stores used TV.

Interestingly, promotion activity to support new product introductions was virtually nonexistent for the second year in a row. Generally, it is believed new product intros that use advertising only and fewer new product introductions in general combined to make for few new product promotions.

Louis J. Haugh is managing partner of Westport Marketing Group, Westport, Conn., a marketing and promotions consulting company. He is a regular columnist on promotion trends for **Advertising Age.**

In-store materials, such as posters, banners and menus, continue to be prime promotion media for restaurants. It was generally conceded among the judges involved that the graphics of these materials have improved over the last several years.

Among the 100 units-plus entrants, there were some very competitive promotions, including Burger King Corp.'s "Whopper Beat the Big Mac" promotion. Offering the "first ever TV coupon," this promotion reportedly increased sales 60% on average and 100% in some markets. It was a classic pre-emptive promotion that several judges found objectionable because of its highly competitive nature.

The second was equally competitive and has served to put the entire restaurant category on notice that Southland Corp. considers itself a big factor in the fast-food business. In one of two entries from the largest convenience store operation in the world, Southland offered 7-Eleven customers "Freedom of Choice" in fountain soft drinks, such as Coke and Pepsi at prices substantially less than most fast-food operations. And while it did not give specific results, Southland reported volume increases both in fountain soft drinks overall and in colas as a category.

The contest this year was virtually void of game piece promotions, a major promotion tactic of the business and the contest over the last several years. What appears to have supplanted it in popularity and in sales-generating results is the glassware premium offer. This year's entrants offered E.T., Pepsi and Coke glasses.

Average reported sales increases for the glassware promotions was a whopping 27% among the 9% of entrants that used glassware. With these kinds of increases, it's no wonder that restaurants are opting for this kind of promotion. Several years ago, game promotions could expect similar-sized increases, but in recent years results have been much flatter, according to most industry sources.

Of course, soft drink companies such as Pepsi, sponsor of the MVP contest, and Coca-Cola heartily endorse glassware promotions. The current Burger King "Return of the Jedi" glassware even is an example. Restaurants like glassware too because soft drink sales can be most profitable.

Consumers seem to appreciate them, as well. The average household buys more than 24 glasses a year. It's no wonder that glassware promotions are the standard of the category.

RESTAURANT PROMOTION ACTIVITY

(Percentage of Operators Using Various Media)

Media	1980	1981	1982	1983
Television	58%	28%	17%	16%
Newspaper	47	48	45	26
Radio	60	54	43	21
Direct Mail	NR	13	23	13
In-Store Materials	60	54	62	43
Price Discount	31	16	45	36
Coupon Discount	18	16	27	20
Premium Self-Liquidator	24	17	8	10
Free Premium	16	16	14	16
Sweepstakes	20	30	18	11
Crew Incentives	NR	NR	34	10
Publicity	NR	20	24	14
Charity Tie-In	NR	13	34	5
Other Tie-In	NR	13	23	13
New Product	NR	21	7	4

Source: *Most Valuable Promotion* entrants

Chicago operators land salmon festival

CHICAGO—Twenty-five of Chicago's finest restaurants specialized in salmon last month.

The Alaskan Salmon Festival was the event—a month-long celebration of seafood dinners with salmon.

Chicago's Fine Dining Association sponsored the festival. Association director Edie Tracer said it looked for some food that every restaurant could feature and cook in its own inimitable way.

Since Alaska salmon is in season in June, the association contacted the Alaska Seafood Marketing Institute, which provided brochures and helped pay the costs of advertising.

Some of the dishes offered at various restaurants were: Saumon florentine en chemise (salmon and fresh spinach in a pastry puff, served with champagne sauce), charcoal-grilled salmon steak, and steamed salmon Oriental with ginger.

The participating restaurants were Abacus, Arnie's, The Bakery, Biggs, Blackhawk on Wabash, Blackhawk on Pearson, Chestnut Street Grill, Ciel Bleu, Don Roth's River Plaza, L'Escargot, Golden Ox, House of Hunan, La Strada, Miller's on Kinzie, Morton's, Morton's Marketplace, The Paradise Cafe, Pump Room, The Prince of Wales, Randall's, the Raphael, That Steak Joynt.

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Advance Look at NAFEM/83—P. 37

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Dennis Riese (left), chief operating officer of the Riese Organization, and William Theisen, Godfather's Pizza Chairman, sign agreement to build first Godfather's units in New York.

Theisen, Riese sign pact to build first Godfather's units in N.Y.

By Richard Martin and Rurick Telberg

OMAHA—Just weeks after cinching its invasion of Los Angeles, Godfather's Pizza Inc. is launching an attack that could project it into New York—another previously untapped major market.

The 794-unit pizza chain has signed an agreement with the Riese Organization calling for development of at least 25 Godfather's units in the five New York City boroughs by 1988.

The deal includes options to develop at least 50 units by 1988 in the 14 suburban counties of New York, Connecticut, and New Jersey surrounding the city.

Godfather's recently won Federal court approval closing a deal with Sambo's Restaurants to convert 112 coffee shops in Los Angeles to Godfather's units by 1984.

With development in both New York and Los Angeles, Godfather's approaches the day of cost-effective national television advertising.

The deal gives Riese, now largely confined to Manhattan, a new growth vehicle. The family owned company, also known as National Restaurants Management Co. Inc., operates some 300 food-service outlets in New York ranging from snack stands to full-line dinnerhouses.

The first New York City Godfather's was expected to open in a matter of months in Times Square. Riese has formed a subsidiary, National Pizza of New York Inc., to operate the franchise.

The Riese Organization recently embarked on an expansion course under Dennis Riese, chief operating officer, to branch into the suburbs with nationally franchised chains.

The company has many of New York's best restaurant locations locked up, including 80% of the city's busy rail and bus commuter terminals. Half of its estimated $300 million in annual revenues comes from food service, the other half from its real estate holdings.

Pizza Hut, a 1,300-unit chain owned by Pepsico Inc., has tried but failed to penetrate the quirky New York market, which has a big number of independent, single-unit pizza operators.

Godfather's is the nation's second-largest pizza chain with stores in 42 states. In its latest fiscal year, it netted $6.02 million on revenue of $40.23 million and systemwide sales of about $400 million.

(Continued on page 70)

LATE NEWSBREAKS

Sambo's is considering a plan to convert its 320 Season's restaurants into Coco's and Baxter's, concepts of W. R. Grace's Grace Restaurant Co., Sambo's officials said. The proposed deal with Grace would raise money for Sambo's, operating under Chapter XI, and give Grace an unspecified equity interest.

Rax Restaurants, an Ohio-based roast beef fast-food chain, and Dallas-based El Chico Mexican dinnerhouses each has decided to go public to help raise expansion capital.

Denny's Inc. has promoted David Bixler to president of the Denny's restaurant division, Vincent Lambiase to president of Winchell's Donut Houses, and general counsel Roger Mercier and chief financial officer John Radebaugh to corporate senior vice presidents.

ARA Services, continuing to diversify in service management, has reached agreement to acquire Solon Automated Services for the equivalent of $100 million.

7-Eleven spurts in food service; seeks technology

By Charles Bernstein

DALLAS—Southland Corp. is preparing a stepped-up offensive to grab a wider share of fast-food dollars at its over 7,000 United States and Canadian 7-Eleven convenience stores.

Southland, which until now has been reluctant to disclose anything about its fast-food or food-service in-store operations, already indicates its "total fast-food sales" this year should top $1.2 billion (compared with $1.09 billion last year) "if you include soft drinks, coffee and all related takeout items."

Regardless of what criteria are used, 7-Eleven stores are very much in the fast-food derby and are certainly a potential threat to other over $1 billion sales fast-food chains—McDonald's, Burger King, KFC, Wendy's, Hardee's and Pizza Hut.

In fact, 7-Eleven is so intent on growing further in this field that Southland marketing vice president Bruce Krysiak disclosed there is an all-out drive to obtain special packaging and equipment geared to the convenience store fast-food market (dominated by 7-Eleven).

"We've unfortunately seen very little evidence of any major interest by suppliers in exploring technical programs to fit our particular business experience," he declared. "Food service is a part of the evolution of our business, and we certainly have the tonnage and critical mass to justify special programs which would help this program grow."

Actually, 7-Eleven is lucky if it is even averaging $150,000 sales annually per store in its "fast-food" mix compared with an average of almost $1 million for the entire store (food, merchandise and self-service gasoline). Thus there is considerable room for growth in a chain

(Continued on page 70)

Senators, top speakers set for MUFSO

LOS ANGELES—Sen. Paul Laxalt (R-Nev.), chairman of the Senate Appropriations Committee and general chairman of the Republican party, and Sen. Lawrence Pressler, chairman of the Senate Business, Trade & Tourism Committee, will give special addresses to *Nation's Restaurant News'* annual Multi-Unit Food Service Operators (MUFSO) conference at the Century Plaza Hotel Oct. 9-12.

Geared to the theme "Quest for Quality," the conference will also feature keynoters Harold Butler, Denny's founder; James Collins, Collins Foods chairman; Richard Goeglein, Harrah's president; Kenneth Hill, Gilbert/Robinson president; and Richard Mayer, KFC chairman.

Among key panels and workshops planned are food trends, regional chain successes, promotion and merchandising, turnaround strategies, human resources challenges, competition from other retailers, franchising, innovation, consumer media relations, market positioning, interior design and government affairs.

Six 1983 Golden Chain winners have been selected by last year's MUFSO program participants and previous Golden Chain winners. One of these six will be chosen by *NRN* readers to succeed 1982 winner Norman Brinker as MUFSO Man-of-the-Year, an annual award to be presented at the MUFSO banquet Oct. 11: Jim Armstrong, Disney World and Disneyland food administration vice president; Shelley Frank, Chi-Chi's president; Carl Karcher, Carl Karcher Enterprises chairman; Jim Maynard, Golden Corral president; Charles Muer, Muer Corp. president, and Willie Theisen, Godfather's Pizza chairman.

Further details and MUFSO registration information for chains of at least five units can be obtained from Ilene Stargot, *Nation's Restaurant News*, 425 Park Ave., New York, N.Y. 10022, 212-371-9400.

W. B. Johnson buys Ritz-Carlton rights

By Joe Edwards

ATLANTA—W. B. Johnson Properties has signed an agreement to purchase the famed Ritz-Carlton Hotel in Boston and the exclusive rights to the prestigious Ritz-Carlton name in North America from Gerald Blakely Jr. for an undisclosed sum.

William B. Johnson, chairman of the real estate, hotel and restaurant management and development company, says the name of his new Monarch Hotels division will be changed to Ritz-Carlton Hotels. The first Johnson-owned Ritz-Carlton opens in October in Atlanta.

The acquisition's impact on three existing unaffiliated Ritz-Carlton hotels was not immediately known. John B. Coleman & Co. owns and operates the Ritz-Carlton hotels in New York and Washington and Four Seasons, a Canadian lodging company, operates the Ritz-Carlton in Chicago.

Coleman and Four Seasons pay annual fees to Blakeley to use the Ritz-Carlton name but otherwise are not connected to the Boston property. It is possible they would have to become franchisees of W. B. Johnson's Ritz-Carlton hotel division or give up the Ritz-Carlton name, according to a W. B. Johnson Properties spokesman.

There was no immediate reaction from either Coleman or Four Seasons. Coleman was meeting with W. B. Johnson executives as this issue went to press.

For W. B. Johnson, the acquisition solves a name recognition and credibility problem for the chain of upper-end Monarch Hotels it is developing from scratch. All hotels in that chain will be called Ritz-Carlton hotels, according to Colgate Holmes, president of the Monarch Hotels division.

"The Ritz-Carlton acquisition will be a perfect comple-

(Continued on page 70)